



The Commonwealth of Massachusetts
Commonwealth Health Insurance Connector Authority
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Boston, MA 02108

DEVAL PATRICK
Governor

TIM MURRAY
Lieutenant Governor

JAY GONZALEZ
Board Chair

GLEN SHOR
Executive Director

Board of the Commonwealth Health Insurance Connector Authority

Minutes

Friday, September 17, 2010
2:00 PM to 4:00 PM
One Ashburton Place
Boston, MA 02108
21st Floor Conference Room

Attendees: Jay Gonzalez, Glen Shor, Jonathan Gruber, Nancy Turnbull, Terry Dougherty, Rick Lord, Ian Duncan, Dolores Mitchell, Louis Malzone, and Celia Wcislo. Nancy Schwartz attended in place of Joseph Murphy.

The meeting was called to order at 2:08 PM.

- I. Minutes:** The minutes of the July 1, 2010 meeting were approved by unanimous vote.
- II. Executive Director's Report:** Glen Shor began by providing an update on the Commonwealth Care (CommCare) enrollment figures. He highlighted the fact that after having the total enrollment in the program drop during the previous two months, enrollment in CommCare increased by about six hundred members in September to 155,142 members. Mr. Shor continued by updating the Board on the enrollment figures for Commonwealth Choice (CommChoice). In September there were 36,649 paid members in CommChoice. Mr. Shor acknowledged that the number of paid members in CommChoice has fluctuated between about 30,000 and 36,000 over the past four months. He stated that this is due to the combination of CommChoice using paid members as the metric for enrollment totals and billing issues arising from the recent Division of Insurance rate cap settlements. Mr. Shor then said that he expects a more normal pattern moving forward. Nancy Turnbull brought to the Board's attention a recent national report on the uninsured. Ms. Turnbull said that some good news conveyed in the report was that the rate of uninsured has decreased in Massachusetts, which highlights the importance of the health care reform effort ongoing in the state.
- III. Dell Systems Contract Extension (CommCare Call Center and Premium Billing) (VOTE):** Bob Nevins opened by informing the Board that this proposed contract extension had been presented to the Executive Office of Administration and Finance (ANF) Subcommittee in late July 2010. Mr. Nevins then provided the Board with some background information concerning the contract extension. He made the point that while the current

contract with Dell Systems (Dell) is favorable to the Commonwealth Health Insurance Connector Authority (CCA), it is not financially sustainable for Dell. In addition, Mr. Nevins stated that the CCA has been pleased with the level of service provided by Dell, citing their implementation of an improved premium billing system as an example. Mr. Nevins said that the current contract between the CCA and Dell provides for two, two-year contract extension options and that the CCA is asking the Board for permission to exercise one of these two-year options. Mr. Nevins then explained the CCA's rationale for requesting the extension. Dolores Mitchell asked if the rebasing of the payment made by the CCA to Dell on a per member per month (PMPM) basis is meant to compensate Dell for the past payment structure, which was unfavorable to them. Mr. Nevins assured the Board that this is not the case. The rebasing of the PMPM payment made to Dell reflects their costs in serving the CommCare population moving forward, and is not meant to help Dell recoup past expenses. Moving forward, Mr. Nevins explained that going through an open procurement, and possibly switching vendors at the same time, could lead to member disruption. In addition, Mr. Nevins said that it seems unlikely to the CCA that another vendor would be able to bid lower than Dell. Finally, Mr. Nevins informed the Board that switching vendors would likely lead to an overlap during the transition period, during which the CCA would be paying two vendors.

Rick Lord, who serves as the chairperson of the ANF Subcommittee, stated that the Subcommittee is comfortable with the extension of the Dell contract. Celia Wcislo added that the impending implementation of national health care reform will necessitate adjustments to CommCare. Therefore, if the CCA were to switch vendors, it could lead to a situation where the CCA would have several different vendors for the CommCare call center and premium billing in only a few years. Ms. Mitchell asked for the estimated total annual value of the proposed contract extension. Mr. Nevins informed Ms. Mitchell that the estimated total annual value is \$7.5 million. Secretary Gonzalez stated to the Board that he had asked that the proposed contract extension be presented to the Board for their approval because of the new PMPM payment which would be implemented as part of the extension. Mr. Shor said that Dell has been a valued partner to the CCA and continuing this relationship is the best course of action financially and in light of the logistical challenges presented by national reform. Ian Duncan asked if the CCA had any expectations for how increasing CommCare members' access to online services, such as making payments, would affect the cost of servicing this population. Mr. Nevins replied that the CCA does not have a specific goal set at this time, but this matter will be an area of focus during FY 2011. However, if this did cause servicing this population to be less expensive, the Connector could explore the possibility of renegotiating the PMPM payment made to Dell. The Board voted to extend the CCA's contract with Dell for two years by a unanimous vote.

IV. FY 2011 Plan of Operations: Mr. Nevins began by providing background information on how the CCA approached the creation of the FY 2011 Plan of Operations. He explained that the passing of national health care reform led the CCA to reassess how it constructed its plan of operations. Mr. Nevins provided as an example the fact that the CCA has removed "Commonwealth Care" and "Commonwealth Choice" as distinct categories from the FY 2011 Plan of Operations since national health care reform will blur the lines between the two programs. Under the category "Program," it is stated that one of the CCA's goals is to control capitation. Ms. Mitchell asked what exactly this means. Mr. Shor responded that the CCA endeavors to pay a capitation rate for CommCare that is fair and aggressive. Ms. Mitchell emphasized the importance of being clear about the need to reduce cost, in light of the state's budget constraints. She said that making this clear will put pressure on the health insurance carriers who would pass this message on to the provider community. While discussing some of the strategies for CommCare, Ms. Wcislo asked whether the CCA plans to obtain any data regarding residents who are dropped from CommCare or have trouble initially joining the

program. Stephanie Chrobak and Mr. Shor made the point that these individuals are outside of CommCare membership and it would be necessary to work with other organizations to obtain data about these people. Jonathan Gruber asked if the CCA has considered reoffering a “choice model” for small employers since this is mandated under national health care reform. Mr. Nevins indicated that the CCA’s “choice model,” the Contributory Plan, is not currently offered because the program did not attain adequate enrollment figures. However, the CCA plans on revisiting this issue in the future. Mr. Shor mentioned that FY 2011 marks the first year the CCA has established administrative goals for itself, some of which the CCA has already been doing, while others highlight opportunities for improvement.

After completing his summary of the FY 2011 Plan of Operations, Mr. Nevins asked the Board to provide any feedback they felt was appropriate regarding the goals. Once this feedback has been received the CCA, the staff will be able to finalize their goals, and it will allow the individual employees of the CCA to establish their own personal goals for FY 2011. Mr. Nevins also stated that the CCA would be finalizing a Board calendar and that the CCA will assess their completion of their goals throughout the year. Secretary Gonzalez thanked the staff of the CCA for their work in establishing the FY 2011 Plan of Operations. He said that in government it is easy to fall into a daily routine and carry out operations reactively. Instead, government should take the time to think proactively, which the CCA has done. Secretary Gonzalez emphasized the importance of obtaining feedback from the Board. He stated that cost control and preparing for national health care reform are two of his main focal points. Secretary Gonzalez then asked in what manner the Board should provide their feedback. Mr. Shor said the Board could provide their feedback in whichever format is most convenient for them to either himself or Mr. Nevins. Mr. Shor commended Mr. Nevins for his work in constructing the FY 2011 Plan of Operations. Ms. Turnbull expressed her approval of the new framework used for the FY 2011 Plan of Operations, but voiced concern that it does not contain goals regarding the Board’s performance. She said that it is common for organization to set goals for their Board and doing so would be an interesting process. Secretary Gonzalez said this was an excellent suggestion and recommended that this year the Board could focus on implementing the suggestions presented in the Crosby Report.

- V. Summary of Small Business Health Care Cost Containment Legislation (Provisions Affecting the Connector):** Joan Fallon began this discussion by outlining the areas of the recently passed legislation that will affect the CCA. When discussing the small business wellness incentive program, Mr. Gruber asked how the level of subsidy provided to participating employers will be determined. Ms. Fallon replied that the CCA will need to determine the exact subsidy level, which can be up to five percent of premium. This will largely depend on how many businesses participate in the program. Secretary Gonzalez commented that the wellness subsidy is a real financial incentive for small businesses to purchase insurance through the CCA. Mr. Shor stated that this program will help the CCA prepare for national reform, which allows businesses to receive subsidies for purchasing through an exchange. Mr. Lord expressed his support for the wellness incentive program and his hope that this program will be funded by the legislature during these economically difficult times. Mr. Duncan asked how the CCA will determine if a company’s wellness program will qualify for the subsidy. Ms. Fallon said that this is a matter which the CCA will be reviewing. Terry Dougherty expressed the importance of the wellness incentive program addressing the underlying issues affecting medical loss ratio. Mr. Gruber commented that implementing the wellness incentive program will be a challenge and asked how the CCA will proceed. Ms. Fallon said the CCA would be speaking with health insurance carriers, the Group Insurance Commission and other groups in order to get a better idea as to how they will implement and administer the program. Mr. Gruber then suggested that Board members, such as Mr. Duncan, might be able to assist the CCA in implementing the wellness incentive program. He also

asked that the CCA keep the Board informed about this matter. Ms. Wcislo asked how the CCA plans to measure the success of the wellness incentive program. Ms. Fallon informed the Board that the CCA will need to establish a method of measuring the success of the program, which they will do as part of the implementation process.

Ms. Fallon then informed the Board that the legislation has a provision which requires the CCA to add an eleventh member to their Board. This member will represent the broker community. In response, Ms. Wcislo expressed her hope that the appointment of this new member will consider possible conflicts of interest. Ms. Fallon then summarized a provision of the legislation which mandates that the CCA notify the legislature ninety days in advance of any changes to the Minimum Creditable Coverage standards taking effect. Mr. Shor explained that the CCA has always allowed for time between drafting changes in the regulations and those changes taking effect, and that this provision just makes sure that potential changes will be brought to the attention of the legislature. Ms. Fallon continued by explaining that the legislation prohibits the CCA from utilizing data obtained from the Department of Revenue (DOR) for solicitations or advertising. Ms. Fallon highlighted the fact that the CCA does not technically obtain data from the DOR, and how exactly this provision affects the CCA will need to be determined. While Ms. Fallon was explaining the provision in the legislation which requires that health insurance carriers offer limited or tiered network plans, Ms. Turnbull asked if the required twelve percent reduction in premium offered by these plans needs to result solely from the limited or tiered network. Ms. Fallon confirmed that this is the case. Mr. Lord asked if carriers could choose to offer either a limited or tiered network plan. Ms. Fallon replied that the carriers do have this option.

Several members of the Board expressed concern over the provision in the legislation which allows for the creation of small group purchasing cooperatives. Ms. Turnbull stated her belief that these cooperatives will be damaging to the individual and small group market through its effect on the risk pool. Mr. Duncan and Mr. Gruber also voiced similar concerns over the creation of these purchasing cooperatives. Ms. Turnbull also stated that while she does not support the creation of the purchasing cooperatives, she hopes that the CCA will have the opportunity to make a valuable contribution toward this initiative. Secretary Gonzalez asked the CCA to keep the Board updated on the implementation of the provisions of the legislation mentioned during the presentation. Finally, Ms. Turnbull requested that the CCA provide the Board with an update on CommCare Bridge and the Student Health Insurance Program during one of the next Board meetings.

The meeting was called into executive session so Jamie Katz could update the Board on a lawsuit involving the CCA.

The meeting was adjourned at 3:50 PM.

Respectfully submitted,
Andrew J. Graham